Government of Saskatchewan

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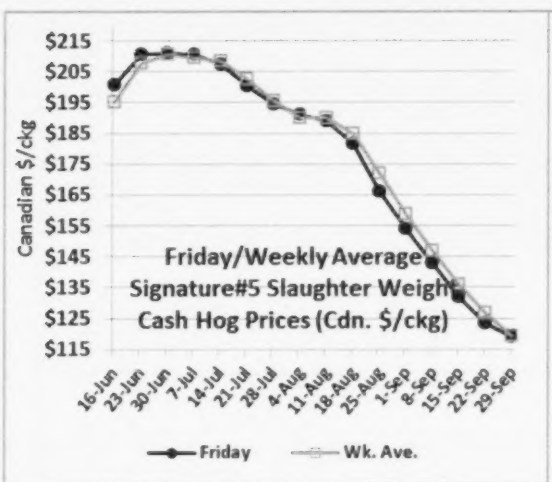
Weekly Hog Report

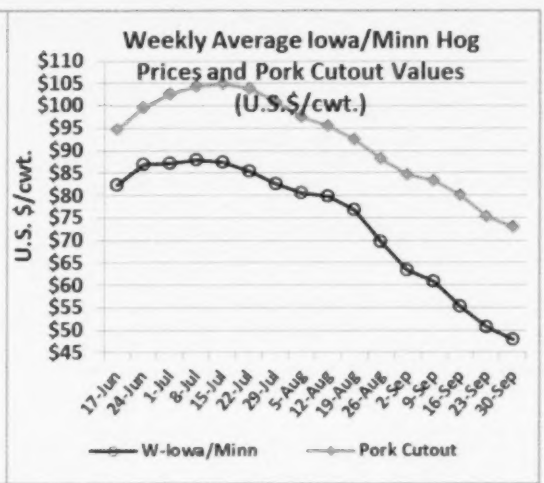
October 2, 2017

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (Iowa/Minn) were lower but overall more steady last week to end the week lower, week-over- week. Hog prices on Friday September 29 averaged US$48.12 per cwt, down US$0.77 per cwt or 1.6 per cent from US$48.89 per cwt the previous Friday. The negotiated weekly base price last week averaged US$47.80 per cwt, down US$2.85 per cwt or 5.6 per cent from US$50.65 per cwt the previous week. Slaughter weight hogs prices continued lower on near record high U.S slaughter weight hog volumes and seasonal pork cutout price weakness.



Source: HAMS Marketing

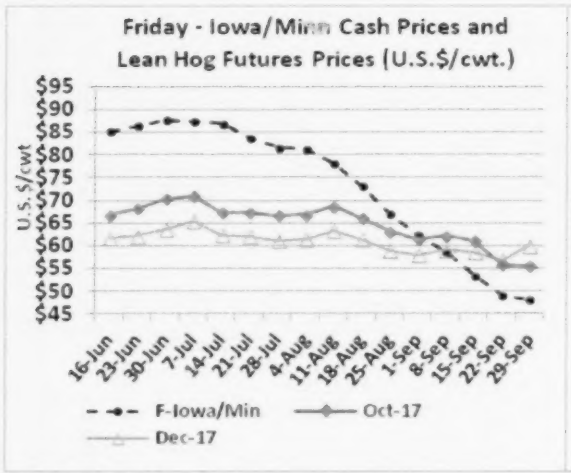


Source: LMIC, CME

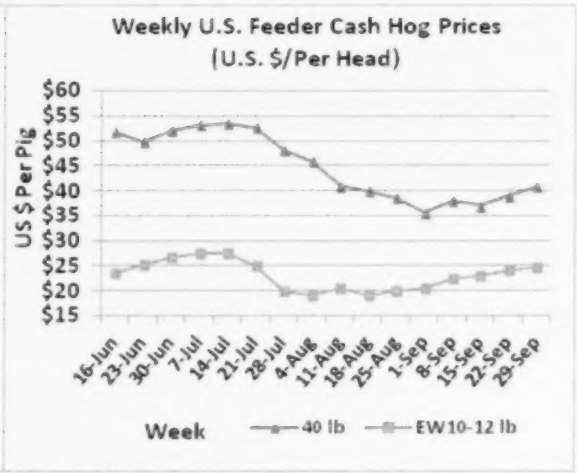
In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday September 29, 2017 was $118.96 per ckg, down $4.53 per ckg or 3.7 per cent from $123.49 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $119.49 per ckg, down $7.05 per ckg or 5.6 per cent from the previous weeks' average price of $126.54 per ckg. The Canadian dollar compared to the U.S. dollar settled last Friday at 80.13 cents, down 1.06 cents from 81.19 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were mixed but primarily higher for the winter contracts pushing December prices higher, week-over-week. The nearby October lean hog futures contract was down slightly (US$0.300 per cwt) to settle last Friday at US$55.400 per cwt; while the December contract increased US$3.325 per cwt or 5.9 per cent to settle last Friday at US$59.950 per cwt.



Source: LMIC



Source: USDA

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices edged higher last week. Weighted average cash prices for iso-weans (12lb) last week were US$24.70 per head, up US$0.44 per head or 1.8 per cent from US$24.26 per head the previous week. Feeders (40lb) averaged US$40.72 per head, up US$1.79 per head or 4.6 per cent from US$38.93 per head, the previous week.

Iowa cash corn prices settled last Friday at US$3.06 per bushel, up two cents from US$3.04 per bushel the previous Friday. Daily corn futures were mixed last week but edged higher, weak-over-week. The December corn contract increased 1¾ cents to settle Friday at US$3.55 ¼ per bushel. The March 2018 corn contract also increased 1¾ cents to settle Friday at US$3.67 ¾ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending September 30 were estimated at 2.527 million head, up 1.0 per cent from 2.501 million head the previous week, and up 3.0 per cent from 2.453 million head the same week a year ago. Weekly hog slaughter numbers were about the third largest kill on record over the last 30 years; helped by the expanding U.S hog slaughter capacity. Weekly U.S. hog slaughter numbers over the last four weeks have averaged about 2.421 million head, up 3.3 per cent from 2.345 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Sept. 23, 2017 were estimated at 433,712 head, down almost one per cent from 437,883 head the previous week, but up 1.0 per cent from 429,477 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 414,413 head, up 2.0 per cent from 429,477 head over the same period a year ago. Year-to-date, Canadian hog slaughter numbers totaled 15,682,808 head, up 2.1 per cent from the same period a year ago. (Source: AAFC/CFIA)

Meat Production

U.S. pork production for the week ending September 30, 2017 was estimated at 532.2 million lb., up 1.7 per cent from 523.2 million lb. the previous week, and up 3.4 per cent from 514.8 million lb. the same week a year ago. Pork production over the last four week's ending September 30 was estimated to average 509.2 million lb., up 3.9 per cent from 490.0 million lb. over the same four week period a year ago.

U.S. beef production for the week ending September 30 was estimated at 535.3 million lb., up 2.1 per cent from 524.1 million lb. the previous week, and up 3.6 per cent from 516.9 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending September 23, 2017, was estimated to average 2.135 billion lb., up 3.6 per cent from 2.061 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2017 is estimated to be up 2.3 per cent compared to the same period in 2016.

United States Weekly Meat Production

(Sept. 23) Four Week Average - Million Lb.			Percent Change	
	2016	2017	4 Week	YTD 2017
Pork	478.8	497.3	3.9%	2.9%
Beef	487.9	509.9	4.5%	4.6%
Chicken	967.2	1,001.6	3.6%	1.2%
Turkey	127.2	126.1	-0.9%	0.2%
Total	**2,061.0**	**2,134.9**	**3.58%**	**2.28%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending September 30, 2017 averaged US$72.88 per cwt, down US$2.41 per cwt or 3.2 per cent from US$75.29 per cwt the previous week, and down 3.9 per cent from US$75.86 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending September 30, 2017 averaged US$195.81 per cwt over the week, up US$3.83 per cwt or 2.0 per cent from US$191.98 per cwt the previous week, and up 3.8 per cent from US$188.63 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending September 30, 2017 averaged US$121.99 per cwt, down US$8.54 per cwt or 6.5 per cent from US$130.53 per cwt the previous week, and down 5.1 per cent from US$128.57 per cwt the same week a year ago.

USDA Hogs and Pigs Report

USDA released the September *Hogs and Pigs Report* on September 28, 2017. Total U.S. hog inventory numbers as of September 1, 2017, was estimated at 73.549 million head, up 2.3 per cent from 71.886 million head on September 1, 2016, and up 3.0 per cent from 71.430 million head as of June 1, 2017. The total annual inventory increase from September 2016 was 2.3 per cent which was slightly below the 2.5 per cent average increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of September 1, 2017, was estimated at 6.087 million head, up 1.2 per cent from 6.016 million head on September 1, 2016, and up slightly (0.30 per cent) from 6.069 million head on June 1, 2017. Breeding herd numbers were in line with the trade analyst estimates of 1.2 per cent growth.

Market herd inventory numbers in the United States as of September 1, 2017, was estimated at 67.462 million head, up 2.4 per cent from 65.870 million head on Sept. 1, 2016, and up 3.2 per cent from 65.361 million head on June 1, 2017. Trade analysts were estimating market inventory numbers to increase by 2.6 per cent (year/year); slightly above what was reported by USDA.

United States Hog Inventory Numbers, (1,000 head)

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	June-Sept.	Y/Y(Sept.)
All Hogs & Pigs	68,124	69,281	71,886	71,525	70,671	71,430	73,549	**2.97%**	**2.31%**
Kept for breeding	5,980	5,979	6,016	6,090	6,068	6,069	6,087	**0.30%**	**1.18%**
Market	62,144	63,302	65,870	65,435	64,603	65,361	67,462	**3.21%**	**2.42%**
Market Hogs									
Under 50 lbs	19,897	20,356	21,215	20,887	20,407	21,017	21,568	**2.62%**	**1.66%**
50-119 lbs	17,198	18,198	19,276	18,102	17,862	18,831	19,626	**4.22%**	**1.82%**
120-179 lbs	13,819	13,291	13,665	13,786	14,435	13,646	14,129	**3.54%**	**3.40%**
180 lbs & Over	11,229	11,456	11,713	12,660	11,899	11,867	12,139	**2.29%**	**3.64%**

Source: September 28, 2017 USDA Hogs & Pigs Report

Sow farrowing numbers for the June-to-August 2017 period totaled 3.103 million head, a 1.5 per cent increase from 3.057 million head farrowed the same quarter a year ago, which was above the 1.0 percent increase estimated by trade analysts.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**
Dec - Feb (1)	2,895	2,927	2,986	29,627	30,139	31,138
Mar - May	2,854	2,968	3,060	29,593	31,097	32,264
June - Aug	3,017	3,057	3,103	31,343	32,331	33,048
Sept - Nov	2,929	3,046	3,070 (2)	30,848	32,333	
TOTAL	**11,695**	**11,998**	**12,219 (2)**	**121,411**	**125,900**	**96,450**

(1) December preceeding year.

(2) Farrowing Intentions.

Source: USDA Hogs and Pigs Report, September 28, 2017.

USDA reported farrowing intentions for the September-to-November 2017 period were estimated at 3.070 million head, an increase of 0.79 per cent from the same quarter a year ago. Trade analysts were projecting a 0.6 per cent increase for farrowing intentions; slightly smaller than USDA's estimates.

USDA estimated the June-to-August 2017 pig crop at 33.048 million head, a 2.22 per cent increase from the same quarter in 2016. Trade analysts were estimating only a 1.8 per cent increase in the pig crop for the period. Pigs saved per litter were 10.65 pigs, up 0.66 per cent from 10.58 pigs the same quarter a year ago; but less than the increase of 0.8 per cent estimated by trade analysts.

The *USDA Hogs and Pigs Report* numbers in general were close to the average trade analyst numbers. The biggest difference from the trade analyst numbers were the higher June-to-August 2017 pig crop and projected September-to-November 2017 farrowing estimates. The market inventory over 120 lbs. were also one per cent higher than trade analyst estimates. With the bigger increases in the heavier weight categories more pigs will be coming to market in the coming months. While the numbers were overall in line with the average trade estimates the general trend continued to be for increased growth in the U.S. hog industry which will require more pork to be exported into the world.

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